

FISCAL NOTE

HB 2178 - SB 2991

February 23, 2000

SUMMARY OF BILL:

- Exempts from sales tax the purchase of certain school clothing or footwear during a 72-hour period each August beginning at 12:01 a.m. on the First Friday in August.
- Limits the dollar value of each item exempt to \$100.
- Exemption would not apply to the following and would be subject to review requirements outlined in TCA 67-6-375 through 67-6-383:
 - Any special clothing or footwear that is primarily designed for athletic activity or protective use and that is not normally worn except when used for the athletic activity or protective use for which it is designed.
 - Accessories, including jewelry, handbags, luggage, umbrellas, wallets, watches, and similar items carried on or about the human body, without regard to whether worn on the body in a manner characteristic of clothing.
 - The rental of clothing or footwear.
- Provides for an effective date of July 1, 2000.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - \$26,565,912

Decrease Local Govt. Revenues - \$9,962,217

Estimate assumes:

- Total state sales tax revenue generated by sales of clothing and footwear in July, August, and September is estimated to be approximately \$73,774,581 in the absence of this bill.
- Approximately \$26,565,912 is estimated to be exempt from tax resulting from purchases being made of clothing and footwear during the first weekend in August.
- Total local government sales tax revenue generated by sales of clothing and footwear in July, August, and September is estimated to be approximately \$27,665,468 in the absence of this bill.
- Approximately \$9,962,217 is estimated to be exempt from tax resulting from purchases of clothing and footwear during the first weekend in August.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

HB 2178 - SB 2991